HENRY HUB NG FUTURES

THE SCHORK GROUP, INC.

The Bulls are Stampeding to the Exits

The bear market that began two weeks ago in the wake of the Freeport LNG disruption took a new leg lower today. The bottom fell out from underneath the NYMEX natural gas complex today after the EIA reported an above normal, not to mention well above market consensus, injection of 82 Bcf of natural gas into L48 underground storage for the week ended June 24th.

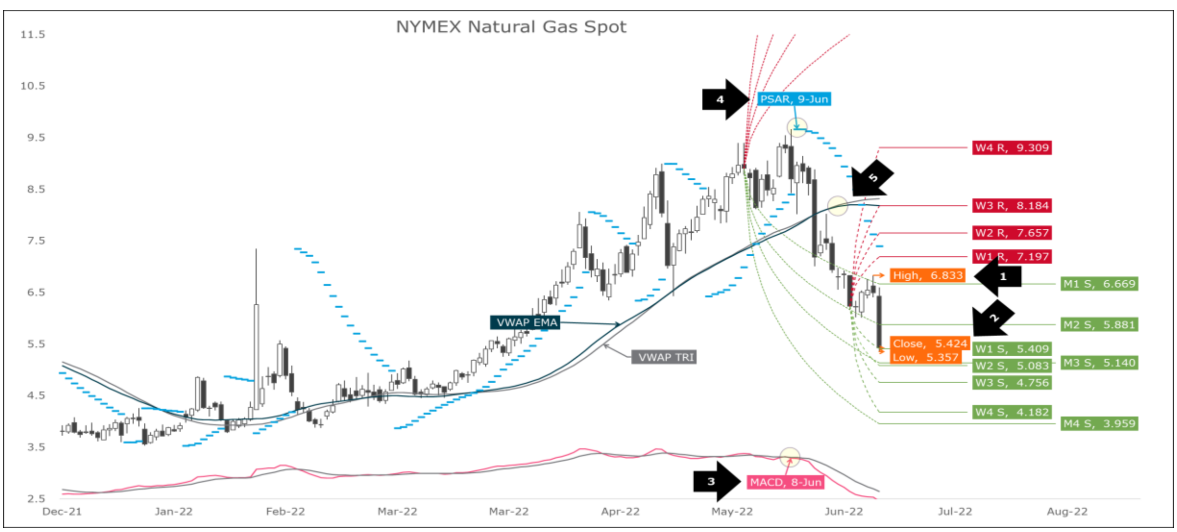
As illustrated, over the past two days, the spot Henry Hub futures contract crashed from a peak of $6.833 (arrow 1) to a low of $5.357 for a peak-to-trough decline of $14,760 (21.6%) per contract! The market finished within $0.015 of our $5.409 initial support of the week at $5.424 (arrow 2) .

We take a deeper dive into the whys and wherefores of the market's crash in the **Market View**.

Our two favorite technical indicators flipped bearish three weeks ago. The MACD turned on June 8th (arrow 3) and the parabolic SAR turned on June 9th (arrow 4). The market is also trading well below the 20-day volume weighted exponential and triangular moving trendlines.

Looking ahead through next Thursday, July 7th, per yesterday's $5.424 settle, our model's four weekly support levels are $4.730, $4.457, $4.182, and $3.696. Our four weekly resistance points are $6.220, $6.601, $7.035, and $7.959.

Our updated monthly targets are $4.924, $4.350, $3.809, and $2.945 for support. Our upside targets for the month are $8.715, $9.865, $11.268, and $14.574.



Storage refills are strong and getting stronger.

This morning the EIA reported an above-normal injection of 82 Bcf of natural gas into L48 underground storage for the week ended June 24th. As of last Friday, inventories stood at 2.251 Tcf. Since the start of the season, a total of 869 Bcf has been injected, which is 77 Bcf (10%) above the seasonally adjusted trend and 61 Bcf (8%) above last year's pace. The early consensus for next Thursday's report is another above normal injection in the mid-70s Bcf.